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AMENDMENTS TO LB 1247

1                   1. Strike the original sections and insert the following  
2 new sections:

3                   "Section 1.     Pickle card technological aid means a  
4 machine which contains pickle cards encrypted with a bar code,  
5 reads the bar code encryption of such pickle card to determine a  
6 winning or losing card, and then dispenses such card to the person  
7 playing the machine, is unable to function without containing  
8 pickle cards, does not determine the winner or loser, does not  
9 dispense cash prizes, performs no random generation, does not  
10 determine chance, does not accumulate credits or award prizes, and  
11 requires a person to open, pull, detach, or otherwise remove one or  
12 more tabs from the card, board, or ticket and present such pickle  
13 card to a cashier for validation and redemption. A pickle card  
14 technological aid is not a pickle card dispensing device.

15                  Sec. 2.     Section 9-301, Reissue Revised Statutes of  
16 Nebraska, is amended to read:

17                  9-301.    Sections 9-301 to 9-356 and section 1 of this act  
18 shall be known and may be cited as the Nebraska Pickle Card Lottery  
19 Act.

20                  Sec. 3.     Section 9-303, Reissue Revised Statutes of  
21 Nebraska, is amended to read:

22                  9-303.    For purposes of the Nebraska Pickle Card Lottery  
23 Act, unless the context otherwise requires, the definitions found  
24 in sections 9-304 to 9-321.02 and section 1 of this act shall be

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1 used.

2           Sec. 4.     Section 9-304, Reissue Revised Statutes of  
3 Nebraska, is amended to read:

4           9-304. Allowable expenses shall mean:

5           (1) All costs associated with the purchasing, printing,  
6 or manufacturing of any items to be used or distributed to  
7 participants;

8           (2) All office expenses;

9           (3) All promotional expenses;

10          (4) All salaries of persons employed to operate the  
11 lottery by the sale of pickle cards;

12          (5) Any rental or lease expense;

13          (6) Any fee paid to any person associated with the  
14 operation of any lottery by the sale of pickle cards including any  
15 commission paid to a sales agent and any expense for which a sales  
16 agent is reimbursed;

17          (7) Any delivery or shipping charge incurred by a  
18 licensed organization in connection with the lottery by the sale of  
19 pickle cards;

20          (8) Any license fees paid to the department to license  
21 the organization, each utilization-of-funds member, and any sales  
22 agent; and

23          (9) Any repairs or maintenance of a pickle card  
24 dispensing device ~~repairs or maintenance~~ or pickle card  
25 technological aid paid by the licensed organization.

26           Sec. 5.     Section 9-307, Reissue Revised Statutes of  
27 Nebraska, is amended to read:

1                   9-307.     Distributor shall mean any person licensed  
2     pursuant to section 9-330, who purchases or otherwise obtains  
3     pickle card units or pickle card technological aids from  
4     manufacturers and sells, distributes, or otherwise provides pickle  
5     card units or pickle card technological aids in this state to  
6     licensed organizations.

7                   Sec. 6.     Section 9-313, Reissue Revised Statutes of  
8     Nebraska, is amended to read:

9                   9-313.    Manufacturer shall mean any person who assembles  
10    from raw materials or subparts a completed piece or pieces of  
11    pickle cards and pickle card units or pickle card technological  
12    aids.

13                  Sec. 7.     Section 9-322, Revised Statutes Supplement,  
14    2000, is amended to read:

15                  9-322.    The department shall have the following powers,  
16    functions, and duties:

17                   (1) To issue licenses and temporary licenses;

18                   (2) To deny any license application or renewal  
19    application for cause. Cause for denial of an application for or  
20    renewal of a license shall include instances in which the applicant  
21    individually or, in the case of a business entity or a nonprofit  
22    organization, any officer, director, employee, or limited liability  
23    company member of the applicant or licensee, other than an employee  
24    whose duties are purely ministerial in nature, any other person or  
25    entity directly or indirectly associated with such applicant or  
26    licensee which directly or indirectly receives compensation other  
27    than distributions from a bona fide retirement or pension plan

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1 established pursuant to Chapter 1, subchapter D of the Internal  
2 Revenue Code, from such applicant or licensee for past or present  
3 services in a consulting capacity or otherwise, the licensee, or  
4 any person with a substantial interest in the applicant or  
5 licensee:

6 (a) Violated the provisions, requirements, conditions,  
7 limitations, or duties imposed by the Nebraska Bingo Act, the  
8 Nebraska County and City Lottery Act, the Nebraska Lottery and  
9 Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska  
10 Small Lottery and Raffle Act, or the State Lottery Act or any rules  
11 or regulations adopted and promulgated pursuant to such acts;

12 (b) Knowingly caused, aided, abetted, or conspired with  
13 another to cause any person to violate any of the provisions of  
14 such acts or any rules or regulations adopted and promulgated  
15 pursuant to such acts;

16 (c) Obtained a license or permit pursuant to such acts by  
17 fraud, misrepresentation, or concealment;

18 (d) Was convicted of, forfeited bond upon a charge of, or  
19 pleaded guilty or nolo contendere to any offense or crime, whether  
20 a felony or misdemeanor, involving any gambling activity or fraud,  
21 theft, willful failure to make required payments or reports, or  
22 filing false reports with a governmental agency at any level;

23 (e) Was convicted of, forfeited bond upon a charge of, or  
24 pleaded guilty or nolo contendere to any felony other than those  
25 described in subdivision (d) of this subdivision within the ten  
26 years preceding the filing of the application;

27 (f) Denied the department or its authorized

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1 representatives, including authorized law enforcement agencies,  
2 access to any place where pickle card activity required to be  
3 licensed under the Nebraska Pickle Card Lottery Act is being  
4 conducted or failed to produce for inspection or audit any book,  
5 record, document, or item required by law, rule, or regulation;

6 (g) Made a misrepresentation of or failed to disclose a  
7 material fact to the department;

8 (h) Failed to prove by clear and convincing evidence his,  
9 her, or its qualifications to be licensed in accordance with the  
10 Nebraska Pickle Card Lottery Act;

11 (i) Failed to pay any taxes and additions to taxes,  
12 including penalties and interest, required by the Nebraska Bingo  
13 Act, the Nebraska County and City Lottery Act, the Nebraska Lottery  
14 and Raffle Act, or the Nebraska Pickle Card Lottery Act or any  
15 other taxes imposed pursuant to the Nebraska Revenue Act of 1967;

16 (j) Failed to pay an administrative fine levied pursuant  
17 to the Nebraska Bingo Act, the Nebraska County and City Lottery  
18 Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle  
19 Card Lottery Act;

20 (k) Failed to demonstrate good character, honesty, and  
21 integrity; or

22 (l) Failed to demonstrate, either individually or, in the  
23 case of a business entity or a nonprofit organization, through its  
24 managers, employees, or agents, the ability, experience, or  
25 financial responsibility necessary to establish or maintain the  
26 activity for which the application is made.

27 No license renewal shall be issued when the applicant for

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1 renewal would not be eligible for a license upon a first  
2 application;

3           (3) To revoke, cancel, or suspend for cause any license.  
4 Cause for revocation, cancellation, or suspension of a license  
5 shall include instances in which the licensee individually or, in  
6 the case of a business entity or a nonprofit organization, any  
7 officer, director, employee, or limited liability company member of  
8 the licensee, other than an employee whose duties are purely  
9 ministerial in nature, any other person or entity directly or  
10 indirectly associated with such licensee which directly or  
11 indirectly receives compensation other than distributions from a  
12 bona fide retirement or pension plan established pursuant to  
13 Chapter 1, subchapter D of the Internal Revenue Code from such  
14 licensee for past or present services in a consulting capacity or  
15 otherwise, or any person with a substantial interest in the  
16 licensee:

17           (a) Violated the provisions, requirements, conditions,  
18 limitations, or duties imposed by the Nebraska Bingo Act, the  
19 Nebraska County and City Lottery Act, the Nebraska Lottery and  
20 Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska  
21 Small Lottery and Raffle Act, the State Lottery Act, or any rules  
22 or regulations adopted and promulgated pursuant to such acts;

23           (b) Knowingly caused, aided, abetted, or conspired with  
24 another to cause any person to violate any of the provisions of the  
25 Nebraska Pickle Card Lottery Act or any rules or regulations  
26 adopted and promulgated pursuant to the act;

27           (c) Obtained a license pursuant to the Nebraska Pickle

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1 Card Lottery Act by fraud, misrepresentation, or concealment;

2 (d) Was convicted of, forfeited bond upon a charge of, or  
3 pleaded guilty or nolo contendere to any offense or crime, whether  
4 a felony or misdemeanor, involving any gambling activity or fraud,  
5 theft, willful failure to make required payments or reports, or  
6 filing false reports with a governmental agency at any level;

7 (e) Was convicted of, forfeited bond upon a charge of, or  
8 pleaded guilty or nolo contendere to any felony other than those  
9 described in subdivision (d) of this subdivision within the ten  
10 years preceding the filing of the application;

11 (f) Denied the department or its authorized  
12 representatives, including authorized law enforcement agencies,  
13 access to any place where pickle card activity required to be  
14 licensed under the act is being conducted or failed to produce for  
15 inspection or audit any book, record, document, or item required by  
16 law, rule, or regulation;

17 (g) Made a misrepresentation of or failed to disclose a  
18 material fact to the department;

19 (h) Failed to pay any taxes and additions to taxes,  
20 including penalties and interest, required by the Nebraska Bingo  
21 Act, the Nebraska County and City Lottery Act, the Nebraska Lottery  
22 and Raffle Act, or the Nebraska Pickle Card Lottery Act or any  
23 other taxes imposed pursuant to the Nebraska Revenue Act of 1967;

24 (i) Failed to pay an administrative fine levied pursuant  
25 to the Nebraska Bingo Act, the Nebraska County and City Lottery  
26 Act, the Nebraska Lottery and Raffle Act, or the Nebraska Pickle  
27 Card Lottery Act;

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1           (j) Failed to demonstrate good character, honesty, and  
2 integrity; or

3           (k) Failed to demonstrate, either individually or, in the  
4 case of a business entity or a nonprofit organization, through its  
5 managers, employees, or agents, the ability, experience, or  
6 financial responsibility necessary to maintain the activity for  
7 which the license was issued;

8           (4) To issue and cause to be served upon any licensee or  
9 other person an order requiring the licensee or other person to  
10 cease and desist from violations of the Nebraska Pickle Card  
11 Lottery Act. The order shall give reasonable notice of the rights  
12 of the licensee or other person to request a hearing and shall  
13 state the reason for the entry of the order. A hearing shall be  
14 held not later than seven days after the request for the hearing is  
15 received by the Tax Commissioner, and within twenty days after the  
16 date of the hearing, the Tax Commissioner shall issue an order  
17 vacating the cease and desist order or making it permanent as the  
18 facts require. All hearings shall be held in accordance with the  
19 rules and regulations adopted and promulgated by the department.  
20 If the licensee or other person to whom a cease and desist order is  
21 issued fails to appear at the hearing after being duly notified,  
22 the licensee or other person shall be deemed in default and the  
23 proceeding may be determined against the licensee or other person  
24 upon consideration of the cease and desist order, the allegations  
25 of which may be deemed to be true;

26           (5) To levy an administrative fine on an individual,  
27 partnership, limited liability company, corporation, or



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1 organization for cause. For purposes of this subdivision, cause  
2 shall include instances in which the individual, partnership,  
3 limited liability company, corporation, or organization violated  
4 the provisions, requirements, conditions, limitations, or duties  
5 imposed by the act or any rule or regulation adopted and  
6 promulgated pursuant to the act. In determining whether to levy an  
7 administrative fine and the amount of the fine if any fine is  
8 levied, the department shall take into consideration the  
9 seriousness of the violation, the intent of the violator, whether  
10 the violator voluntarily reported the violation, whether the  
11 violator derived financial gain as a result of the violation and  
12 the extent thereof, and whether the violator has had previous  
13 violations of the act, rules, or regulations. A fine levied on a  
14 violator under this section shall not exceed one thousand dollars  
15 for each violation of the act or any rule or regulation adopted and  
16 promulgated pursuant to the act plus the financial benefit derived  
17 by the violator as a result of each violation. If an  
18 administrative fine is levied, the fine shall not be paid from  
19 pickle card lottery gross proceeds of an organization and shall be  
20 remitted by the violator to the department within thirty days after  
21 the date of the order issued by the department levying such fine;

22 (6) To enter or to authorize any law enforcement officer  
23 to enter at any time upon any premises where lottery by the sale of  
24 pickle cards activity required to be licensed under the act is  
25 being conducted to determine whether any of the provisions of such  
26 act or any rules or regulations adopted and promulgated under such  
27 act have been or are being violated and at such time to examine

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1 such premises;

2 (7) To require periodic reports of lottery by the sale of  
3 pickle cards activity from licensed manufacturers, distributors,  
4 nonprofit organizations, sales agents, pickle card operators, and  
5 any other persons, organizations, limited liability companies, or  
6 corporations as the department deems necessary to carry out the  
7 act;

8 (8) To require annual registration of coin-operated and  
9 currency-operated devices or pickle card technological aids used  
10 for the dispensing of pickle cards, to issue registration decals  
11 for such devices and aids, to prescribe all forms necessary for the  
12 registration of such devices and aids, and to impose administrative  
13 penalties for failure to properly register such devices and aids;

14 (9) To examine or to cause to have examined, by any agent  
15 or representative designated by the department for such purpose,  
16 any books, papers, records, or memoranda relating to the conduct of  
17 lottery by the sale of pickle cards of any licensee, to require by  
18 administrative order or summons the production of such documents or  
19 the attendance of any person having knowledge in the premises, to  
20 take testimony under oath, and to require proof material for its  
21 information. If any such person willfully refuses to make  
22 documents available for examination by the department or its agent  
23 or representative or willfully fails to attend and testify, the  
24 department may apply to a judge of the district court of the county  
25 in which such person resides for an order directing such person to  
26 comply with the department's request. If any documents requested  
27 by the department are in the custody of a corporation, the court

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1 order may be directed to any principal officer of the corporation.  
2 If the documents requested by the department are in the custody of  
3 a limited liability company, the court order may be directed to any  
4 member when management is reserved to the members or otherwise to  
5 any manager. Any person who fails or refuses to obey such a court  
6 order shall be guilty of contempt of court;

7 (10) Unless specifically provided otherwise, to compute,  
8 determine, assess, and collect the amounts required to be paid as  
9 taxes imposed by the act in the same manner as provided for sales  
10 and use taxes in the Nebraska Revenue Act of 1967;

11 (11) To inspect pickle cards and pickle card units as  
12 provided in section 9-339;

13 (12) To confiscate, seize, or seal pickle cards, pickle  
14 card units, ~~ex~~ coin-operated or currency-operated pickle card  
15 dispensing devices, or pickle card technological aids pursuant to  
16 section 9-350;

17 (13) To adopt and promulgate such rules and regulations  
18 and prescribe all forms as are necessary to carry out the Nebraska  
19 Pickle Card Lottery Act; and

20 (14) To employ staff, including auditors and inspectors,  
21 as necessary to carry out the act.

22 Sec. 8. Section 9-329.02, Revised Statutes Supplement,  
23 2000, is amended to read:

24 9-329.02. (1) A pickle card operator shall not be  
25 eligible to sell individual pickle cards as opportunities to  
26 participate in a lottery by the sale of pickle cards without first  
27 obtaining a license.

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1           (2) Any sole proprietorship, partnership, limited  
2 liability company, or corporation wishing to operate as a pickle  
3 card operator in this state shall file an application with the  
4 department for a license on a form prescribed by the department.  
5 Each application for a license shall include (a) the name, address,  
6 and state identification number of the sole proprietorship,  
7 partnership, limited liability company, or corporation applying for  
8 the license, (b) a description of the premises on which the pickle  
9 cards will be sold or offered for sale, (c) if the applicant is an  
10 individual, the applicant's social security number, and (d) such  
11 other information which the department deems necessary. The  
12 information required by this subsection shall be kept current. A  
13 pickle card operator shall notify the department within thirty days  
14 if any information in the application is no longer correct and  
15 shall supply the correct information.

16           (3) (a) Except as otherwise provided in this subsection, a  
17 fee of fifty dollars shall be charged for each license issued  
18 pursuant to this section and shall be paid for by the applicant. A  
19 licensed organization shall not pay the required licensing fees of  
20 a pickle card operator as an inducement for the pickle card  
21 operator to sell individual pickle cards on its behalf. Except as  
22 otherwise provided in this subsection, such licenses shall expire  
23 on September 30 of each year or such other date as the department  
24 may prescribe by rule and regulation and may be renewed annually.  
25 The department shall remit the proceeds from such license fees to  
26 the State Treasurer for credit to the Charitable Gaming Operations  
27 Fund. An application for license renewal shall be submitted to the

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1 department at least sixty days prior to the expiration date of the  
2 license.

3 (b) Commencing October 1, 2001, a pickle card operator  
4 license shall be a biennial license, shall expire on September 30  
5 of each odd-numbered year or such other date as the department may  
6 prescribe by rule and regulation, and may be renewed biennially.  
7 The biennial license fee for a pickle card operator shall be one  
8 hundred dollars.

9 (4) One license issued to any sole proprietorship,  
10 partnership, limited liability company, or corporation under this  
11 section as a pickle card operator shall cover the sole  
12 proprietorship, partnership, limited liability company, or  
13 corporation and the employees of the licensed pickle card operator.  
14 Any license issued pursuant to this section shall be valid only for  
15 the sole proprietorship, partnership, limited liability company, or  
16 corporation in the name of which it was issued and shall allow the  
17 sale of individual pickle cards only on the premises described in  
18 the pickle card operator's application for a license. A pickle  
19 card operator's license may not be transferred under any  
20 circumstances including change of ownership.

21 (5) The department may prescribe a separate application  
22 form for renewal purposes.

23 (6) A licensed pickle card operator shall not sell  
24 individual pickle cards on behalf of a licensed organization until  
25 an authorization has been obtained from the department by the  
26 licensed organization. The licensed organization shall file an  
27 application with the department for such authorization on a form

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1 prescribed by the department. Each application for an  
2 authorization shall include (a) the name, address, and state  
3 identification number of the licensed pickle card operator and (b)  
4 such other information which the department deems necessary. The  
5 application shall include a statement signed by a person licensed  
6 as a utilization-of-funds member signifying that such licensed  
7 organization approves the pickle card operator to sell individual  
8 pickle cards on behalf of such organization.

9 (7) A pickle card operator may sell individual pickle  
10 cards on behalf of more than one licensed organization. Each  
11 licensed organization for which the pickle card operator desires to  
12 sell individual pickle cards shall obtain the authorization  
13 described in subsection (6) of this section.

14 (8) A pickle card operator who sells individual pickle  
15 cards through a coin-operated or currency-operated dispensing  
16 device shall purchase, lease, or rent its own equipment. If such  
17 equipment is obtained from a licensed organization or distributor,  
18 it shall be purchased, leased, or rented at a rate not less than  
19 fair market value. A licensed organization or distributor shall  
20 not provide such equipment to a pickle card operator free of charge  
21 or at a rate less than fair market value as an inducement for the  
22 pickle card operator to sell a licensed organization's individual  
23 pickle cards. The department may require a licensed organization,  
24 distributor, or pickle card operator to provide such documentation  
25 as the department deems necessary to verify that a pickle card  
26 operator has purchased, leased, or rented the equipment for a rate  
27 not less than fair market value.

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1                   (9) A pickle card operator who sells individual pickle  
2 cards through a pickle card technological aid shall purchase,  
3 lease, or rent such aid only from a licensed organization. A  
4 licensed organization shall not provide a pickle card technological  
5 aid to a pickle card operator free of charge or at a rate less than  
6 fair market value as an inducement for the pickle card operator to  
7 sell a licensed organization's individual pickle cards. The  
8 department may require a licensed organization or pickle card  
9 operator to provide such documentation as the department deems  
10 necessary to verify that a pickle card operator has purchased,  
11 leased, or rented a pickle card technological aid for a rate not  
12 less than fair market value.

13                   (10) No pickle card operator shall generate revenue from  
14 the sale of individual pickle cards which exceeds the revenue  
15 generated from other retail sales on an annual basis. For purposes  
16 of this subsection, retail sales shall not include revenue  
17 generated from other charitable gaming activities authorized by  
18 Chapter 9.

19                   Sec. 9.     Section 9-329.03, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21                   9-329.03.   (1) Any sole proprietorship, partnership,  
22 limited liability company, or corporation, which holds a retailer's  
23 license for consumption on the premises or a bottle club license  
24 issued by the Nebraska Liquor Control Commission pursuant to the  
25 Nebraska Liquor Control Act or which holds a retailer's license for  
26 consumption off the premises, may apply for a pickle card  
27 operator's license to sell individual pickle cards as opportunities

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1 to participate in a lottery by the sale of pickle cards, except  
2 that only those persons which hold a retailer's license for  
3 consumption on the premises or a bottle club license may apply for  
4 a pickle card operator's license to sell pickle cards with the use  
5 of a pickle card technological aid.

6 (2) A pickle card operator licensed under the Nebraska  
7 Pickle Card Lottery Act shall not be connected with or interested  
8 in, directly or indirectly, any person, partnership, limited  
9 liability company, firm, corporation, or other party licensed as a  
10 distributor or manufacturer under section 9-330 or 9-332.

11 (3) A sole proprietor, partner in a partnership, member  
12 in a limited liability company, or officer or director of a  
13 corporation licensed as a pickle card operator shall not be  
14 licensed as a sales agent.

15 (4) A sole proprietor, partner in a partnership, member  
16 in a limited liability company, or officer or director of a  
17 corporation licensed as a pickle card operator shall not be a  
18 director, manager, trustee, or member of any governing committee,  
19 board, or body of the licensed organization on behalf of which the  
20 pickle card operator sells individual pickle cards.

21 Sec. 10. Section 9-331, Reissue Revised Statutes of  
22 Nebraska, is amended to read:

23 9-331. (1) No person, except a distributor operating  
24 pursuant to the Nebraska Pickle Card Lottery Act, shall sell or  
25 distribute any pickle card units or any pickle card technological  
26 aid to any licensed organization.

27 (2) No distributor shall hold a license to conduct a



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1 lottery by the sale of pickle cards or any other kind of gambling  
2 activity which is authorized or regulated under Chapter 9 or a  
3 license to act as a sales agent, pickle card operator, or  
4 manufacturer ~~of pickle cards or pickle card units~~ except as  
5 provided in sections 9-255.07 and 9-632.

6 (3) If a distributor delivers any pickle card unit, he or  
7 she shall deliver such unit only to a licensed utilization-of-funds  
8 member for pickle cards, a licensed sales agent, a licensed gaming  
9 manager, a bingo chairperson designated by an organization licensed  
10 to conduct bingo pursuant to the Nebraska Bingo Act, or a person  
11 who serves as a manager for a licensed organization which is exempt  
12 under section 501(c)(8), (c)(10), or (c)(19) of the Internal  
13 Revenue Code and shall not deliver any pickle card unit to any  
14 other person, including a pickle card operator.

15 (4) No distributor shall offer or agree to offer anything  
16 of value to any person in exchange for an agreement or commitment  
17 by such person to exclusively sell pickle cards or pickle card  
18 technological aids sold by such distributor. Nothing in this  
19 section shall prohibit a licensed organization or pickle card  
20 operator from exclusively selling pickle cards or pickle card  
21 technological aids sold by a single distributor. No licensed  
22 organization or pickle card operator shall accept or agree to  
23 accept anything of value from a distributor in exchange for an  
24 agreement or commitment by such licensed organization or pickle  
25 card operator to exclusively sell pickle cards or pickle card  
26 technological aids sold by such distributor.

27 (5) No distributor or employee or spouse of any

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1 distributor shall participate in the conduct or operation of any  
2 lottery by the sale of pickle cards or any other kind of gambling  
3 activity which is authorized or regulated under Chapter 9 except to  
4 the exclusive extent of his or her statutory duties as a licensed  
5 distributor and as provided in sections 9-255.07 and 9-632. No  
6 distributor or employee or spouse of any distributor shall have a  
7 substantial interest in another distributor, a manufacturer, a  
8 manufacturer-distributor as defined in section 9-616 other than  
9 itself, or a licensed organization or any other licensee regulated  
10 under Chapter 9. Membership in any organization shall not be  
11 deemed a violation of this section.

12 (6) A distributor shall purchase or otherwise obtain  
13 pickle card units and pickle card technological aids only from a  
14 licensed manufacturer and shall pay for such units or aids by check  
15 within fifteen days of delivery.

16 Sec. 11. Section 9-332, Reissue Revised Statutes of  
17 Nebraska, is amended to read:

18 9-332. A manufacturer shall obtain a license from the  
19 department prior to manufacturing or selling or supplying to any  
20 licensed distributor in this state any pickle cards, ~~or~~ pickle card  
21 units, or pickle card technological aids or engaging in any  
22 interstate activities relating to such pickle cards, ~~or~~ pickle card  
23 units, or pickle card technological aids, except that nothing in  
24 this section shall prohibit a manufacturer from marketing, selling,  
25 or otherwise providing pickle cards, ~~or~~ pickle card units, or  
26 pickle card technological aids to a federally recognized Indian  
27 tribe for use in a Class II gaming activity authorized by the

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1 federal Indian Gaming Regulatory Act. The applicant shall include  
2 with the application form prescribed by the department a biennial  
3 license fee of three thousand fifty dollars, a sworn statement by  
4 the applicant or appropriate officer of the applicant that the  
5 applicant will comply with all provisions of the Nebraska Pickle  
6 Card Lottery Act and all rules and regulations adopted and  
7 promulgated pursuant to the act, and such other information as the  
8 department deems necessary. If the applicant is an individual, the  
9 application shall include the applicant's social security number.

10 The applicant shall notify the department within thirty  
11 days of any change in the information submitted on or with the  
12 application form. The applicant shall comply with all applicable  
13 laws of the United States and the State of Nebraska and all  
14 applicable rules and regulations of the department.

15 Manufacturers' licenses shall expire on September 30 of  
16 every odd-numbered year or such other date as the department may  
17 prescribe by rule and regulation. Manufacturers' licenses may be  
18 renewed biennially. An application for license renewal shall be  
19 submitted to the department at least forty-five days prior to the  
20 expiration date of the license.

21 Sec. 12. Section 9-332.01, Reissue Revised Statutes of  
22 Nebraska, is amended to read:

23 9-332.01. Each manufacturer shall receive departmental  
24 approval prior to selling in this state any type of pickle card  
25 technological aid or any type of pickle card, pickle card unit,  
26 punchboard, or other similar card, board, or ticket included in  
27 section 9-315 whether referred to by any other name intended for

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1 resale in Nebraska. Approval by the department shall be based  
2 upon, but not limited to, the manufacture, assembly, and packaging  
3 of pickle cards or pickle card units, the manufacture and assembly  
4 of pickle card technological aids, and any other specifications  
5 imposed by the Nebraska Pickle Card Lottery Act or any rule or  
6 regulation adopted and promulgated pursuant to the act.

7 Sec. 13. Section 9-333 Reissue Revised Statutes of  
8 Nebraska, is amended to read:

9 9-333. Each manufacturer shall keep and maintain a  
10 complete set of records detailing the manufacturer's pickle card  
11 activities, including the name and state identification number of  
12 each distributor purchasing pickle card units or pickle card  
13 technological aids, the quantity and type of each pickle card unit  
14 or pickle card technological aid sold, and any other information  
15 concerning pickle card units and pickle card technological aids  
16 which the department deems necessary. Such records shall be made  
17 available to the department upon request. The department may  
18 require by rule and regulation periodic reporting from a  
19 manufacturer relative to its pickle card activities.

20 Sec. 14. Section 9-334, Reissue Revised Statutes of  
21 Nebraska, is amended to read:

22 9-334. Each manufacturer ~~selling pickle cards and pickle~~  
23 ~~card units in this state~~ that is not a resident or corporation  
24 shall designate a natural person who is a resident of and living in  
25 this state and is nineteen years of age or older as a resident  
26 agent for the purpose of receipt and acceptance of service of  
27 process and other communications on behalf of the manufacturer.

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1 The name, business address where service of process and delivery of  
2 mail can be made, and home address of such agent shall be filed  
3 with the department.

4 Sec. 15. Section 9-337, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6 9-337. (1) Pickle cards shall be constructed so that it  
7 is impossible to determine the covered or concealed number, letter,  
8 symbol, configuration, or combination thereof on the pickle card  
9 until it has been dispensed to and opened by the player, by any  
10 method or device, including, but not limited to, the use of a  
11 marking, variance in size, variance in paper fiber, or light.

12 (2) All pickle cards shall be constructed to ensure that,  
13 when offered for sale to the public, the pickle card is virtually  
14 opaque and free of security defects so that winning pickle cards  
15 cannot be determined, prior to being opened, through the use of  
16 high-intensity lights or any other method.

17 (3) All pickle cards shall be constructed to conform in  
18 all other respects to the provisions and specifications imposed by  
19 the Nebraska Pickle Card Lottery Act or by rule or regulation as to  
20 the manufacture, assembly, or packaging of pickle cards or pickle  
21 card units.

22 (4) Nothing in this section shall prohibit the department  
23 from authorizing or approving the use of pickle cards encrypted  
24 with a bar code which are to be sold and played with the use of a  
25 pickle card technological aid.

26 Sec. 16. Section 9-338, Revised Statutes Supplement,  
27 2000, is amended to read:

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1                   9-338. (1) No manufacturer or representative thereof,  
2 with knowledge or in circumstances under which he or she reasonably  
3 should have known, shall manufacture, possess, display, sell, or  
4 otherwise furnish to any person any pickle card or pickle card  
5 unit:

6                   (a) In which the winning ~~tab or tabs~~ pickle cards have  
7 not been completely and randomly distributed and mixed among all  
8 other ~~tabs~~ pickle cards in a series;

9                   (b) In which the location or approximate location of any  
10 of the winning ~~tab or tabs~~ pickle cards can be determined in  
11 advance of opening the ~~tab or tabs~~ pickle cards in any manner or by  
12 any device, including, but not limited to, any pattern in the  
13 manufacture, assembly, or packaging of the ~~tabs or~~ pickle cards by  
14 the manufacturer, by any markings on the ~~tabs~~ pickle cards or  
15 container, or by the use of a light;

16                   (c) Which offers both a chance for an instant prize and a  
17 possible chance to participate in a subsequent lottery activity,  
18 except that pickle card units (i) may utilize a seal card to award  
19 prizes or (ii) may utilize numbers drawn or selected in the conduct  
20 of bingo pursuant to the Nebraska Bingo Act to award prizes; or

21                   (d) Which does not conform in all other respects to the  
22 requirements of the Nebraska Pickle Card Lottery Act and any other  
23 specifications imposed by the department by rule and regulation as  
24 to the manufacture, assembly, or packaging of pickle cards.

25                   Any such cards or units shall be contraband goods for  
26 purposes of section 9-350.

27                   (2) No manufacturer or representative thereof shall use

1 as a sales promotion any statement, demonstration, or implication  
2 that any certain portion of a series of pickle cards contains more  
3 winners than other portions of the series or that any series of  
4 pickle cards or pickle card units may be sold by the organization  
5 or its designated sales agent or pickle card operator in a  
6 particular manner that would give the seller any advantage in  
7 selling more of the pickle cards before having to pay out winners.

8 (3) Nothing in this section shall prohibit a manufacturer  
9 from encrypting a pickle card with a bar code which enables such  
10 pickle card to be sold and played with the use of a pickle card  
11 technological aid.

12 Sec. 17. Section 9-340, Reissue Revised Statutes of  
13 Nebraska, is amended to read:

14 9-340. (1) No manufacturer shall sell or otherwise  
15 provide any pickle cards, ~~or~~ or pickle card units, or pickle card  
16 technological aids to any person in Nebraska except a licensed  
17 distributor or a federally recognized Indian tribe for use in a  
18 Class II gaming activity authorized by the federal Indian Gaming  
19 Regulatory Act. No distributor licensed in Nebraska shall purchase  
20 or otherwise obtain any pickle cards, ~~or~~ or pickle card units, or  
21 pickle card technological aids except from manufacturers licensed  
22 in Nebraska.

23 (2) No distributor shall sell or otherwise provide any  
24 pickle card units or or pickle card technological aids except to an  
25 organization licensed to conduct a lottery by the sale of pickle  
26 cards pursuant to the Nebraska Pickle Card Lottery Act or to a  
27 federally recognized Indian tribe for use in a Class II gaming

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1 activity authorized by the federal Indian Gaming Regulatory Act.  
2 No pickle cards shall be sold by a distributor except in the form  
3 of pickle card units. No distributor shall market, sell, lease, or  
4 rent any pickle card technological aid unless and until such device  
5 has been approved by the department. No distributor shall market  
6 or sell any pickle card unit for use in this state:

7 (a) Which has not been approved and authorized by the  
8 department;

9 (b) Which has a card or play count in excess of six  
10 thousand per pickle card unit;

11 (c) Which offers less than sixty-five percent or more  
12 than eighty percent of the gross proceeds to be paid out in prizes;

13 (d) Which contains any pickle card or punch on a  
14 punchboard, the individual purchase price of which exceeds one  
15 dollar;

16 (e) In which any individual pickle card awards a prize or  
17 prizes in excess of one thousand dollars;

18 (f) Which may be used for any gift enterprise as defined  
19 in section 9-701;

20 (g) Unless and until a stamp obtained from the department  
21 containing an identifying number has been permanently and  
22 conspicuously affixed upon the flare card supplied by the  
23 manufacturer for identification purposes. Once placed, such stamp  
24 shall not be removed or tampered with by any person. The state  
25 identification stamp shall be placed on each punchboard such that  
26 the complete number, together with the symbol appearing thereon, is  
27 plainly visible. State identification stamps shall be obtained



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1 only from the department and only by a licensed distributor for ten  
2 cents each. Such stamps shall be placed by the licensed  
3 distributor only on items sold or furnished to licensed  
4 organizations in this state. Such stamps shall not be transferred  
5 or furnished to any other person unless already placed upon a  
6 punchboard or pickle card unit; or

7 (h) Without the information required in section 9-346.

8 (3) The department may require a manufacturer seeking  
9 approval of any pickle card unit or pickle card technological aid  
10 to pay the actual costs incurred by the department in examining or  
11 testing the unit or aid. If required, the anticipated costs shall  
12 be paid in advance by the manufacturer. After completion of the  
13 examination or testing, the department shall refund overpayments or  
14 charge and collect amounts sufficient to reimburse the department  
15 for underpayment of actual costs.

16 Sec. 18. Section 9-340.02, Reissue Revised Statutes of  
17 Nebraska, is amended to read:

18 9-340.02. (1) All pickle card units purchased by a  
19 licensed organization from a licensed distributor shall be paid for  
20 by a check drawn on the pickle card bank account of the licensed  
21 organization either in advance of or upon delivery of the pickle  
22 card units.

23 (2) A licensed pickle card operator shall remit the  
24 definite profit, less not more than thirty percent of the definite  
25 profit as allowed by subsection (4) of section 9-347, of all pickle  
26 card units received to the sponsoring licensed organization by  
27 check either in advance of or upon delivery of the pickle card

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1 units from the sales agent to the pickle card operator. Upon  
2 delivery of the pickle card units, the sales agent shall issue the  
3 pickle card operator a standard receipt prescribed by the  
4 department.

5 (3) Pickle card units shall be delivered by the sales  
6 agent to the pickle card operator in any manner which results in a  
7 signed receipt from the pickle card operator, including personal  
8 delivery or delivery through the mail or by a common carrier.

9 (4) No licensed organization conducting a lottery by the  
10 sale of pickle cards shall extend credit in any form, including,  
11 but not limited to, the extension of any credit with regard to the  
12 receipt of the definite profit, less not more than thirty percent  
13 of the definite profit as allowed by subsection (4) of section  
14 9-347, of a pickle card unit from a pickle card operator upon  
15 delivery of a pickle card unit to the pickle card operator and the  
16 extension of any credit with regard to the sale or lease of any  
17 equipment or coin-operated or currency-operated pickle card  
18 dispensing device or pickle card technological aid used in  
19 connection with a lottery by the sale of pickle cards.

20 (5) All payments for the purchase, lease, or rental of a  
21 coin-operated or currency-operated pickle card dispensing device or  
22 pickle card technological aid by a licensed organization shall be  
23 made by a check drawn on the organization's pickle card checking  
24 account.

25 (6) All payments for the purchase, lease, or rental of a  
26 coin-operated or currency-operated pickle card dispensing device or  
27 pickle card technological aid by a licensed pickle card operator

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1 from a licensed organization shall be made by a check drawn on the  
2 business checking account of the pickle card operator or a personal  
3 checking account of an owner, partner, or officer of the pickle  
4 card operator, either at the time of or before placement of the  
5 device or aid or on or before the first day of the period of the  
6 lease, whichever comes first.

7 (7) All lease or rental agreements between a licensed  
8 organization and a licensed pickle card operator for coin-operated  
9 or currency-operated pickle card dispensing devices or pickle card  
10 technological aids shall be subject to approval by the department.

11 Sec. 19. Section 9-342, Reissue Revised Statutes of  
12 Nebraska, is amended to read:

13 9-342. (1) Any organization licensed to conduct a  
14 lottery by the sale of pickle cards shall purchase pickle card  
15 units and pickle card technological aids for such purposes from a  
16 distributor and shall use the net profit from the sale of the  
17 pickle cards for a lawful purpose.

18 (2) When any organization licensed to conduct a lottery  
19 by the sale of pickle cards purchases units or pickle card  
20 technological aids from a distributor, such organization shall  
21 provide the distributor with a copy of the organization's license  
22 or other adequate identification indicating that such organization  
23 has a valid license issued pursuant to section 9-327.

24 (3) Only a person (a) licensed pursuant to section 9-327  
25 as a utilization-of-funds member, (b) licensed pursuant to section  
26 9-329 as a sales agent, (c) licensed pursuant to section 9-232.01  
27 as a gaming manager, (d) designated as a bingo chairperson by an

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1 organization licensed to conduct bingo pursuant to the Nebraska  
2 Bingo Act, or (e) who serves as a manager for a licensed  
3 organization which is exempt under section 501(c)(8), (c)(10), or  
4 (c)(19) of the Internal Revenue Code shall order pickle card units  
5 or pickle card technological aids from a distributor on behalf of  
6 the organization. Only a person licensed as a utilization-of-funds  
7 member shall purchase pickle card units or pickle card  
8 technological aids from a distributor on behalf of the  
9 organization. No pickle card operator shall order or purchase any  
10 pickle card, ~~or~~ pickle card unit, or pickle card technological aid  
11 from a distributor.

12 Sec. 20. Section 9-343, Reissue Revised Statutes of  
13 Nebraska, is amended to read:

14 9-343. (1) A distributor shall maintain records of total  
15 sales of pickle card units and, within thirty days after the end of  
16 the calendar month or by the last day of the month following each  
17 monthly period, whichever comes first, shall report to the  
18 department, in a manner prescribed by the department, detailed  
19 information concerning each sale, which information shall include,  
20 but not be limited to, (a) the total number of pickle card units  
21 sold by such distributor, (b) the aggregate price for which such  
22 ~~cards~~ units will be sold by the purchasing organization, and (c)  
23 any other information the department deems necessary.

24 (2) A distributor shall maintain a record of the serial  
25 number of each pickle card unit sold and the corresponding state  
26 identification stamp number assigned to each unit. Such  
27 information shall be made available to the department upon request.

1           (3) A distributor shall maintain a detailed record of the  
2 sale, lease, or rental of each pickle card technological aid to  
3 include (a) the name and state identification number of the  
4 licensed organization purchasing, renting, or leasing the aid, (b)  
5 the cost of the aid to the licensed organization and the terms and  
6 conditions of any agreement entered into with the licensed  
7 organization for the purchase, lease, or rental of the aid, and (c)  
8 any other information the department deems necessary.

9           Sec. 21. Section 9-345.03, Revised Statutes Supplement,  
10 2000, is amended to read:

11           9-345.03.     (1) Any person who places a coin-operated or  
12 currency-operated pickle card dispensing device or pickle card  
13 technological aid in operation in this state without a current  
14 registration decal affixed permanently and conspicuously to the  
15 device or aid shall be subject to an administrative penalty of  
16 thirty dollars for each violation. The department shall remit the  
17 proceeds from such penalties to the State Treasurer for credit to  
18 the Charitable Gaming Operations Fund.

19           (2) Registration of the device or aid with the department  
20 shall be made by application to the department and shall be the  
21 responsibility of the licensed organization when such device or aid  
22 is to be used in a licensed organization's designated premises or  
23 at the location of its regularly scheduled bingo occasion or of the  
24 licensed pickle card operator when such device or aid is to be used  
25 on the premises of the pickle card operator.

26           (3) Each application for registration shall include (a)  
27 the name and address of the licensed pickle card operator or

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1 licensed organization registering the device or aid, (b) the state  
2 identification number of the licensed pickle card operator or  
3 licensed organization registering the device or aid, (c) a detailed  
4 description of the physical appearance and operation of the device  
5 or aid, and (d) such other information which the department deems  
6 necessary.

7 (4) A fee of fifty dollars shall be charged for each  
8 decal issued pursuant to this section. The department shall remit  
9 the proceeds from the fee to the State Treasurer for credit to the  
10 Charitable Gaming Operations Fund. All decals issued by the  
11 department pursuant to this section shall expire on December 31 of  
12 each year or such other date as the department may prescribe by  
13 rule and regulation and shall be renewed annually.

14 (5) The registration decal issued by the department  
15 pursuant to this section shall not be transferable.

16 (6) Upon request by the Tax Commissioner or his or her  
17 agents or employees, the licensed organization or pickle card  
18 operator responsible for registering the device or aid shall  
19 provide the requesting individual immediate access to any pickle  
20 cards contained within such device or aid.

21 (7) Any person violating any provision of this section  
22 shall be deemed guilty of a Class II misdemeanor. Each day on  
23 which any person engages in or conducts the business of operating  
24 any device or aid subject to this section without having paid the  
25 penalty or the registration as provided constitutes a separate  
26 offense.

27 Sec. 22. Section 9-346, Revised Statutes Supplement,

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1 2000, is amended to read:

2           9-346. (1) The winning cards, boards, or tickets in any  
3 lottery by the sale of pickle cards shall be determined by a  
4 comparison of those numbers, letters, symbols, or configurations,  
5 or combination thereof, which are revealed on the pickle cards, to  
6 a set of numbers, letters, symbols, or configurations, or  
7 combination thereof, which has been previously specified as a  
8 winning combination. Whenever the winning combinations do not  
9 comprise a statement of the cash prize won, the winning  
10 combinations shall be printed on every pickle card that is wider  
11 than one inch or longer than two and one-half inches. Pickle cards  
12 that are smaller than such dimensions shall have the winning  
13 combinations printed on a flare card that is publicly displayed at  
14 the point of sale of the pickle cards.

15           (2) The winning chances of any pickle card shall not be  
16 determined or otherwise known until after its purchase and only  
17 upon opening, pulling, detaching, breaking open, or otherwise  
18 removing the tab or tabs to clearly reveal or otherwise  
19 appropriately revealing the combination, except that nothing in  
20 this section shall prohibit a pickle card technological aid from  
21 identifying a winning or losing pickle card. The winning chances  
22 shall be determined by and based upon an element of chance.

23           (3) Any person possessing a winning pickle card shall  
24 receive the appropriate cash prize previously determined and  
25 specified for that winning combination. If a conflict exists  
26 between the prize indicated by a pickle card technological aid and  
27 the actual pickle card dispensed from the technological aid, the

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1 prize identified on the actual pickle card shall prevail.

2 (4) All pickle cards shall legibly bear on the outside of  
3 each pickle card the name of the licensed organization conducting  
4 the lottery by the sale of pickle cards and such organization's  
5 state identification number.

6 (5) Nothing in this section shall prohibit (a)  
7 punchboards which allow the person who purchases the last punch on  
8 the punchboard to receive a cash prize predetermined by the  
9 manufacturer as a result of purchasing the last punch, (b) pickle  
10 card units which utilize a seal card which allows a seal card  
11 winner to receive a cash prize predetermined by the manufacturer,  
12 (c) pickle card units which utilize a seal card as described in  
13 this section which allow the person who purchases the last pickle  
14 card of such a unit to receive a cash prize predetermined by the  
15 manufacturer as a result of purchasing the last pickle card, or (d)  
16 pickle card units which are designed by a manufacturer to utilize  
17 bingo numbers drawn during the conduct of bingo to determine a  
18 winning combination. Such pickle card units shall be sold by a  
19 licensed distributor only to an organization licensed to conduct a  
20 lottery by the sale of pickle cards which is also licensed to  
21 conduct bingo and shall be played only at the bingo premises of the  
22 licensed organization during a bingo occasion conducted pursuant to  
23 the Nebraska Bingo Act.

24 Sec. 23. Section 9-347, Reissue Revised Statutes of  
25 Nebraska, is amended to read:

26 9-347. (1) The gross proceeds of any lottery by the sale  
27 of pickle cards shall be used solely for lawful purposes, awarding



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1 of prizes, payment of the unit cost, any commission paid to a  
2 pickle card operator, allowable expenses, and allocations for bingo  
3 expenses as provided by subsection (5) of this section.

4 (2) Not less than sixty-five percent or more than eighty  
5 percent of the gross proceeds of any lottery by the sale of pickle  
6 cards shall be used for the awarding of prizes.

7 (3) Not more than eight percent of the definite profit of  
8 a pickle card unit shall be used by the licensed organization to  
9 pay the allowable expenses of operating a lottery by the sale of  
10 pickle cards, except that license fees paid to the department to  
11 license the organization, each utilization-of-funds member, and any  
12 sales agent and pickle card dispensing device and pickle card  
13 technological aid registration fees shall not be included in  
14 determining the eight-percent limitation on expenses and no portion  
15 of such eight percent shall be used to pay any expenses associated  
16 with the sale of pickle cards at a bingo occasion conducted  
17 pursuant to the Nebraska Bingo Act, and of such eight percent not  
18 more than four percent of the definite profit may be used by the  
19 licensed organization for the payment of any commission, salary, or  
20 fee to a sales agent in connection with the marketing of a pickle  
21 card unit. When determining the eight percent of definite profit  
22 that is permitted to pay the allowable expenses of operating a  
23 lottery by the sale of pickle cards, the definite profit from the  
24 sale of pickle cards at the organization's bingo occasions shall  
25 not be included.

26 (4) Not more than thirty percent of the definite profit  
27 of a pickle card unit shall be used by a licensed organization to

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1 pay a pickle card operator a commission, fee, or salary for selling  
2 individual pickle cards as opportunities for participation in a  
3 lottery by the sale of pickle cards on behalf of the licensed  
4 organization.

5 (5) An organization licensed to conduct bingo pursuant to  
6 the Nebraska Bingo Act may allocate a portion of the expenses  
7 associated with the conduct of its bingo occasions to its lottery  
8 by the sale of pickle cards conducted at such bingo occasions.  
9 Such allocation shall be based upon the percentage that pickle card  
10 gross proceeds derived from the sale of pickle cards at the bingo  
11 occasions represents to the total of bingo gross receipts and  
12 pickle card gross proceeds derived from such bingo occasions for  
13 the previous annual period July 1 through June 30. An organization  
14 licensed to conduct bingo that has not been previously licensed  
15 shall determine such allocation based upon the percentage that  
16 pickle card gross proceeds derived from the sale of pickle cards at  
17 the bingo occasions represents to the total of bingo gross receipts  
18 and pickle card gross proceeds derived from such bingo occasions  
19 for the initial three consecutive calendar months of operation.  
20 The total amount of expenses that may be allocated to the  
21 organization's lottery by the sale of pickle cards shall be subject  
22 to the limitations on bingo expenses as provided for in the  
23 Nebraska Bingo Act with respect to the fourteen-percent expense  
24 limitation and the fair-market-value limitation on the purchase,  
25 rental, or lease of bingo equipment and the rental or lease of a  
26 premises for the conduct of bingo. No expenses associated with the  
27 conduct of bingo may be paid directly from the pickle card checking

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1 account. A licensed organization which needs to allocate a portion  
2 of the expenses associated with the conduct of its bingo occasions  
3 to its lottery by the sale of pickle cards conducted at such bingo  
4 occasions to pay bingo expenses as provided by this section shall  
5 transfer funds from the pickle card checking account to the bingo  
6 checking account by a check drawn on the pickle card checking  
7 account or by electronic funds transfer.

8 Sec. 24. Section 9-348, Reissue Revised Statutes of  
9 Nebraska, is amended to read:

10 9-348. (1) The definite profit, less not more than  
11 thirty percent of the definite profit as allowed by subsection (4)  
12 of section 9-347, of any lottery by the sale of pickle cards and  
13 all amounts received by any licensed organization from the sale,  
14 lease, or rental of coin-operated or currency-operated pickle card  
15 dispensing devices and pickle card technological aids shall be  
16 segregated from other revenue of any licensed organization  
17 conducting the lottery and placed in a separate checking account.  
18 All lawful purpose donations and expenses relating to the licensed  
19 organization's lottery by the sale of pickle cards, including the  
20 allowable expenses, any license fees paid to the department to  
21 license the organization, each utilization-of-funds member, and ~~any~~  
22 each sales agent, any coin-operated or currency-operated pickle  
23 card dispensing device or pickle card technological aid  
24 registration fees, and the unit cost but excluding the payment of  
25 prizes for winning pickle cards, shall be paid by check from such  
26 account and shall be made payable to the ultimate use of such  
27 lawful purpose donations or expenses.

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1                   (2) Separate records shall be maintained by any licensed  
2 organization conducting a lottery by the sale of pickle cards.  
3 Each nonprofit organization conducting a lottery by the sale of  
4 pickle cards shall keep a record of all locations or persons who  
5 are paid to sell pickle cards. Records and lists required by the  
6 Nebraska Pickle Card Lottery Act shall be preserved for at least  
7 three years. Any law enforcement agency or other agency of  
8 government shall have the authority to investigate the records  
9 relating to lotteries by the sale of pickle cards and gross  
10 proceeds from such lotteries at any time. Organizations shall,  
11 upon proper written request, deliver all such records to the  
12 department, law enforcement agency, or other agency of government  
13 for investigation.

14                   Sec. 25. Section 9-349, Reissue Revised Statutes of  
15 Nebraska, is amended to read:

16                   9-349. A licensed organization conducting a lottery by  
17 the sale of pickle cards shall report annually to the department a  
18 complete and accurate accounting of its gross proceeds from the  
19 lottery by the sale of pickle cards on a form prescribed by the  
20 department. The annual report shall demonstrate that the  
21 organization's definite profit from pickle card sales has been  
22 retained in the organization's pickle card checking account or  
23 expended solely for allowable expenses, unit costs, any pickle card  
24 operator commissions, lawful purpose donations, any license fees  
25 paid to the department to license the organization, each  
26 utilization-of-funds member, and ~~any~~ each sales agent, any  
27 coin-operated or currency-operated pickle card dispensing device or

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1 pickle card technological aid registration fees, or any bingo  
2 expenses allocated to the sale of pickle cards as provided for in  
3 section 9-347. A copy of the annual report shall be submitted to  
4 the organization's membership. The annual report shall cover the  
5 organization's lottery by the sale of pickle cards activities from  
6 July 1 through June 30 of each year and shall be submitted to the  
7 department on or before August 15 of each year.

8           Sec. 26. Section 9-350, Reissue Revised Statutes of  
9 Nebraska, is amended to read:

10           9-350. (1) The Tax Commissioner or his or her agents or  
11 employees, at the direction of the Tax Commissioner, or any peace  
12 officer of this state may seize, without a warrant, the following  
13 contraband goods found any place in this state: (a) Any pickle  
14 cards and pickle card units declared to be contraband goods in  
15 section 9-338; (b) any pickle cards that are not properly printed  
16 as required in section 9-346 or on which the tax has not been paid,  
17 except for pickle cards in the possession of a licensed distributor  
18 or licensed manufacturer; (c) any pickle cards, ~~or~~ pickle card  
19 units, or pickle card technological aids purchased by any licensed  
20 organization from any source other than a licensed distributor; (d)  
21 any pickle cards, ~~or~~ pickle card units, or pickle card  
22 technological aids that are being sold without all of the proper  
23 licenses; (e) any pickle ~~card units or~~ pickle cards, pickle card  
24 units, or pickle card technological aids that have been sold in  
25 violation of the Nebraska Pickle Card Lottery Act or any rules or  
26 regulations adopted and promulgated pursuant to such act; (f) any  
27 pickle cards, ~~or~~ pickle card units, or pickle card technological

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1 aids in the possession of any licensee whose license has been  
2 revoked, canceled, or suspended or any pickle cards, ~~or~~ pickle card  
3 units, or pickle card technological aids in the possession of any  
4 former licensee whose license has expired; ~~or~~ (g) any coin-operated  
5 or currency-operated pickle card dispensing device or pickle card  
6 technological aid which contains any pickle cards deemed to be  
7 contraband goods pursuant to this subsection or any such device or  
8 aid which does not have permanently and conspicuously affixed to it  
9 a current registration decal required by section 9-345.03.

10 (2) The Tax Commissioner may, upon satisfactory proof,  
11 direct return of any confiscated pickle cards, ~~or~~ pickle card  
12 units, or pickle card technological aids when he or she has reason  
13 to believe that the entity from whom the pickle cards, ~~or~~ pickle  
14 card units, or pickle card technological aids were confiscated has  
15 not willfully or intentionally evaded any tax or failed to comply  
16 with the Nebraska Pickle Card Lottery Act. Upon receipt of an  
17 affidavit of ownership, the Tax Commissioner shall relinquish  
18 possession of a seized coin-operated or currency-operated pickle  
19 card dispensing device or pickle card technological aid to the  
20 lawful owners of the device or aid if the device or aid is not  
21 needed as evidence by the department, any county attorney, or the  
22 Attorney General at an administrative or judicial hearing, if  
23 contraband pickle cards have been removed from the device or aid,  
24 and in the event the device or aid was seized due to a violation of  
25 subsection (2) of section 9-345.03, if the entity who was utilizing  
26 the device or aid has applied for and has received a current  
27 registration decal for the seized device or aid.

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1                   (3) The Tax Commissioner may, upon finding that an entity  
2 in possession of contraband goods has willfully or intentionally  
3 evaded any tax or failed to comply with the act, confiscate such  
4 goods. Any pickle cards, ~~or~~ pickles card units, or pickles card  
5 technological aids confiscated ~~shall~~ may be destroyed.

6                   (4) The seizure and destruction of coin-operated or  
7 currency-operated pickles card dispensing devices, pickles card  
8 technological aids, pickles cards, or pickles card units shall not  
9 relieve any person from a fine, imprisonment, or other penalty for  
10 violation of the act.

11                   (5) The Tax Commissioner or his or her agents or  
12 employees, at the direction of the Tax Commissioner, may seal any  
13 pickles cards, pickles card units, ~~or~~ coin-operated or  
14 currency-operated pickles card dispensing devices, or pickles card  
15 technological aids deemed to be contraband goods pursuant to this  
16 section. Such seal shall not be broken until authorized by the Tax  
17 Commissioner or his or her agents or employees. If the seal on a  
18 coin-operated or currency-operated pickles card dispensing device or  
19 pickles card technological aid is broken prior to payment of the  
20 penalty and registration of the device or aid required under  
21 section 9-345.03, the device or aid shall be subject to forfeiture  
22 and sale by the Tax Commissioner.

23                   (6) The Tax Commissioner or his or her agents or  
24 employees, when directed to do so by the Tax Commissioner, or any  
25 peace officer of this state shall not be responsible for negligence  
26 in any court for the sealing, seizure, or confiscation of any  
27 coin-operated or currency-operated pickles card dispensing device,

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1 pickle card technological aid, pickle card, or pickle card unit  
2 pursuant to this section.

3 (7) Possession of pickle cards, ~~or~~ pickle card units, or  
4 pickle card technological aids which are deemed to be contraband  
5 goods pursuant to this section shall be a violation of the Nebraska  
6 Pickle Card Lottery Act.

7 Sec. 27. Section 9-352, Reissue Revised Statutes of  
8 Nebraska, is amended to read:

9 9-352. (1) Except when another penalty is specifically  
10 provided, any person or licensee, or employee or agent thereof, who  
11 violates any provision of the Nebraska Pickle Card Lottery Act, or  
12 who causes, aids, abets, or conspires with another to cause any  
13 person or licensee or any employee or agent thereof to violate the  
14 act, shall be guilty of a Class I misdemeanor for the first offense  
15 and a Class IV felony for any second or subsequent violation. Any  
16 licensee guilty of violating any provision of the act more than  
17 once in a twelve-month period may have its license canceled or  
18 revoked. Such matters may also be referred to any other state  
19 licensing agencies for appropriate action.

20 (2) Each of the following violations of the Nebraska  
21 Pickle Card Lottery Act shall be a Class IV felony:

22 (a) Giving, providing, or offering to give or provide,  
23 directly or indirectly, to any public official, employee, or agent  
24 of this state, or any agencies or political subdivisions of this  
25 state, any compensation or reward or share of the money for  
26 property paid or received through gambling activities regulated  
27 under Chapter 9 in consideration for obtaining any license,



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1 authorization, permission, or privilege to participate in any  
2 gaming operations except as authorized under Chapter 9 or any rules  
3 and regulations adopted and promulgated pursuant to such chapter;

4 (b) Making or receiving payment of a portion of the  
5 purchase price of pickle cards by a seller of pickle cards to a  
6 buyer of pickle cards to induce the purchase of pickle cards or to  
7 improperly influence future purchases of pickle cards;

8 (c) Using bogus, counterfeit, or nonopaque pickle cards,  
9 pull tabs, break opens, punchboards, jar tickets, or any other  
10 similar card, board, or ticket or substituting or using any pickle  
11 cards, pull tabs, or jar tickets that have been marked or tampered  
12 with;

13 (d) Intentionally employing or possessing any device to  
14 facilitate cheating in any lottery by the sale of pickle cards or  
15 use of any fraudulent scheme or technique in connection with any  
16 lottery by the sale of pickle cards when the amount gained or  
17 intended to be gained through the use of such items, schemes, or  
18 techniques is three hundred dollars or more;

19 (e) Knowingly filing a false report under the Nebraska  
20 Pickle Card Lottery Act;

21 (f) Knowingly falsifying or making any false entry in any  
22 books or records with respect to any transaction connected with the  
23 conduct of a lottery by the sale of pickle cards; or

24 (g) Knowingly selling or distributing or knowingly  
25 receiving with intent to sell or distribute pickle cards, ~~or~~ pickle  
26 card units, or pickle card technological aids without first  
27 obtaining a license in accordance with the Nebraska Pickle Card

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1 Lottery Act pursuant to section 9-329, 9-329.03, 9-330, or 9-332.

2 (3) In all proceedings initiated in any court or  
3 otherwise under the act, it shall be the duty of the Attorney  
4 General and appropriate county attorney to prosecute and defend all  
5 such proceedings.

6 (4) The failure to do any act required by or under the  
7 Nebraska Pickle Card Lottery Act shall be deemed an act in part in  
8 the principal office of the department. Any prosecution under such  
9 act may be conducted in any county where the defendant resides or  
10 has a place of business or in any county in which any violation  
11 occurred.

12 (5) In the enforcement and investigation of any offense  
13 committed under the act, the department may call to its aid any  
14 sheriff, deputy sheriff, or other peace officer in the state.

15 Sec. 28. Section 77-3001, Revised Statutes Supplement,  
16 2000, is amended to read:

17 77-3001. For purposes of the Mechanical Amusement Device  
18 Tax Act, unless the context otherwise requires:

19 (1) Person means an individual, partnership, limited  
20 liability company, society, association, joint-stock company,  
21 corporation, estate, receiver, lessee, trustee, assignee, referee,  
22 or other person acting in a fiduciary or representative capacity,  
23 whether appointed by a court or otherwise, and any combination of  
24 individuals;

25 (2) Mechanical amusement device means any machine which,  
26 upon insertion of a coin, currency, credit card, or substitute into  
27 the machine, operates or may be operated or used for a game,

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1 contest, or amusement of any description, such as, by way of  
2 example, but not by way of limitation, pinball games, shuffleboard,  
3 bowling games, radio-ray rifle games, baseball, football, racing,  
4 boxing games, and coin-operated pool tables. Mechanical amusement  
5 device also includes game and draw lotteries and coin-operated  
6 automatic musical devices. The term does not mean vending machines  
7 which dispense tangible personal property, devices located in  
8 private homes for private use, pickle card dispensing devices or  
9 pickle card technological aids which are required to be registered  
10 with the Department of Revenue pursuant to section 9-345.03, or  
11 devices which are mechanically constructed in a manner that would  
12 render their operation illegal under the laws of the State of  
13 Nebraska;

14 (3) Operator means any person who operates a place of  
15 business in which a machine or device owned by him or her is  
16 physically located or any person who places and who either directly  
17 or indirectly controls or manages any machine or device;

18 (4) Distributor means any person who sells, leases, or  
19 delivers possession or custody of a machine or mechanical device to  
20 operators thereof for a consideration either directly or indirectly  
21 received;

22 (5) Whenever in the act, the words machine or device are  
23 used, they refer to mechanical amusement device; and

24 (6) Whenever in the act, the words machine, device,  
25 person, operator, or distributor are used, the words in the  
26 singular include the plural and in the plural include the singular.

27 Sec. 29. Original sections 9-301, 9-303, 9-304, 9-307,

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1 9-313, 9-329.03, 9-331, 9-332, 9-332.01, 9-333, 9-334, 9-337,  
2 9-340, 9-340.02, 9-342, 9-343, 9-347, 9-348, 9-349, 9-350, and  
3 9-352, Reissue Revised Statutes of Nebraska, and sections 9-322,  
4 9-329.02, 9-338, 9-345.03, 9-346, and 77-3001, Revised Statutes  
5 Supplement, 2000, are repealed.".